

THE GLOBAL FINANCIAL CRISIS AND AFRICA: RAMIFICATIONS FOR ECONOMIC AND POLITICAL STABILITY

Monday, January 25 – Tuesday, January 26, 2010

# **Agriculture, Food Crises and Large Scale Land Acquisitions in Africa**

Ward Anseeuw



University of Pretoria



Since 2008 - Huge media attention concerning

# ***“land grab” & “neo-colonialism”***

Objective of presentation:

- Resituate these large scale land acquisitions in their context
  - Are these land acquisitions a reality?
  - Some perspectives

# *Introduction – Africa's agriculture and the food crises*

## **"FOOD CRISIS"**

(Increase of food commodity prices)

- Crisis cost Africa US\$324 billion, additional 105 million in poverty, 135 million more malnourished
- FAO: 30 countries in crisis, the large majority in Africa (popular movements, destabilized governments, ...)
- *"Less visible as the petrol choc, but represents a real economic and humanitarian tsunami, that could lead to massive destabilization"*

(Louis Michel, European commissioner for Development)

# *Introduction – Africa's agriculture and the food crises*

## **Food crisis is not new for Africa**

- 200 million affected by malnutrition (Ethiopia, Niger, etc.)
- Stagnating productivity since 1970, with Africa becoming a net importer (15% basic commodities – US\$119 billion in 2007)
- No autonomy/capacity to protect population from shocks  
Crisis costed Africa US\$324 billion, additional 105 million in poverty, 135 million more malnourished

# *Introduction – Africa's agriculture and the food crises*

## **Too limiting to reduce its causes to the international conjuncture**

- Indeed, increase of fossil fuel prices, competition with biofuels, increased consumption of proteins, decrease of cereal stocks, climatic changes, etc.)
- BUT vacuity of agricultural policies and the multiplication of intervention frameworks without effective content in Africa is as IMPORTANT

# *Introduction – Africa's agriculture and the food crises*

## **Africa's agriculture abandoned and the vacuity of policies**

- SAP (disengagement of the State, focussing on macro-economic stability, abandoning of sectoral policies) & Bi/multi-lateral agreements
- Weakening and loss of legitimacy of public administrations
- legislative texts are numerous, but not operationnal, not programmatic, not implemented, without authority 'ownership' (as often externally oriented and guided)
- Disinterest of (urban) elites for an anarchic sector: provisioning at low prices of urban populations (even agricultural taxes)

# *Introduction – Africa's agriculture and the food crises*

## **Result:**

- A weak vulnerable agricultural sector
- Majority of small scale subsistence farmers
- Countries dependent on imports

Importance and spontaneity of the reactions – should have represented messages to political deciders, at a time when the need for restructuring and regulation is felt the most

## **However:**

- Measures to control availability in the short term (limiting/prohibiting export, decrease of import taxes, decrease of VAT, increase import subsidies)
- Very few long term, pro-agricultural measures/policies

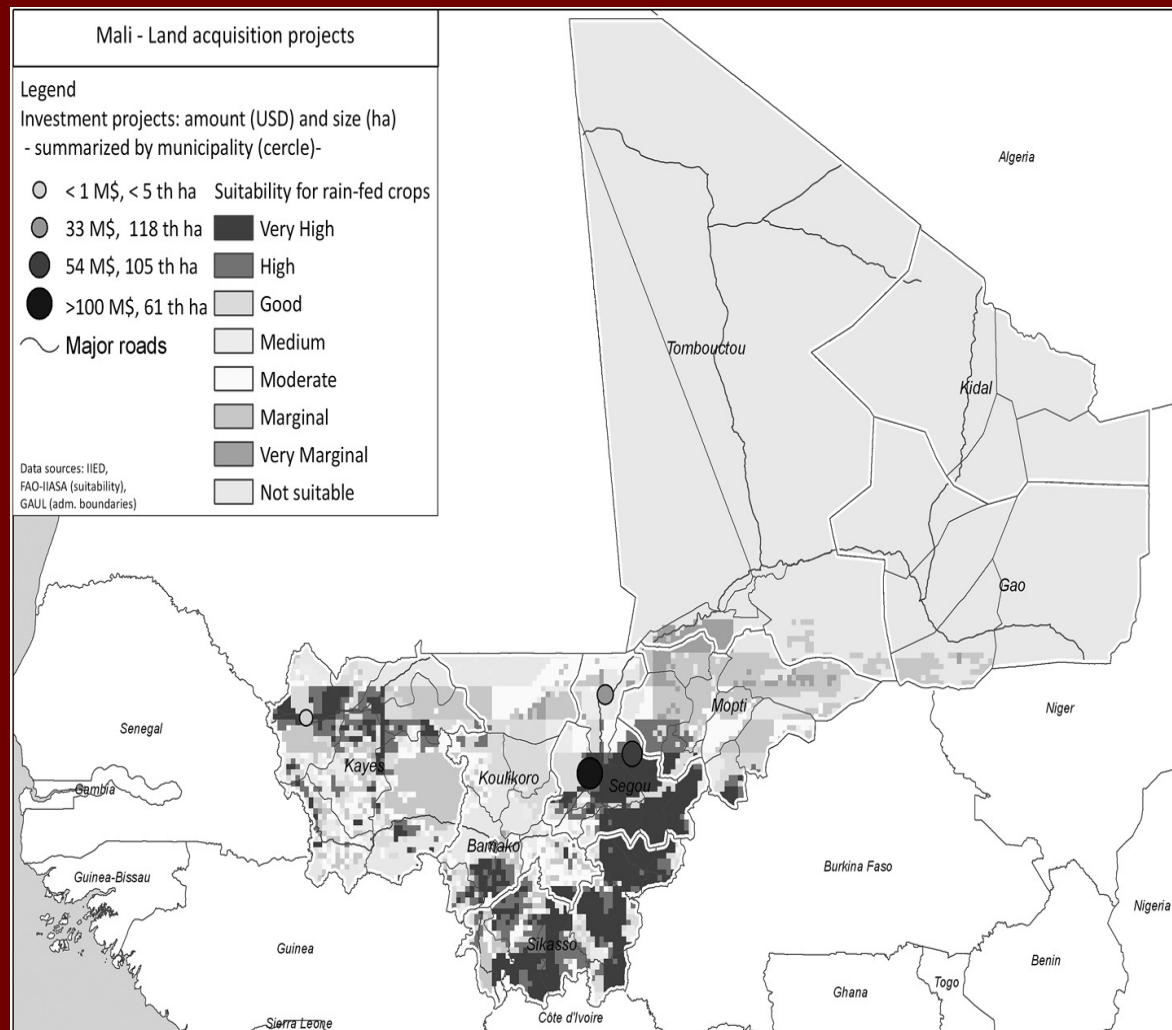
# *Large-scale land acquisitions – A reality*

## **A reality – to be nuanced**

- Way below media announcements (difference between announcement and effective transaction, e.g. Congo, Madagascar)
- Last 5 years, with peak since 2008, increase of number of land transactions (increased surfaces – up to 100,000s; benefiting large operators) (IIED/FAO, 2009)
- 20,000,000 ha in total (1/3 in Africa)



# Large-scale land acquisitions – A reality

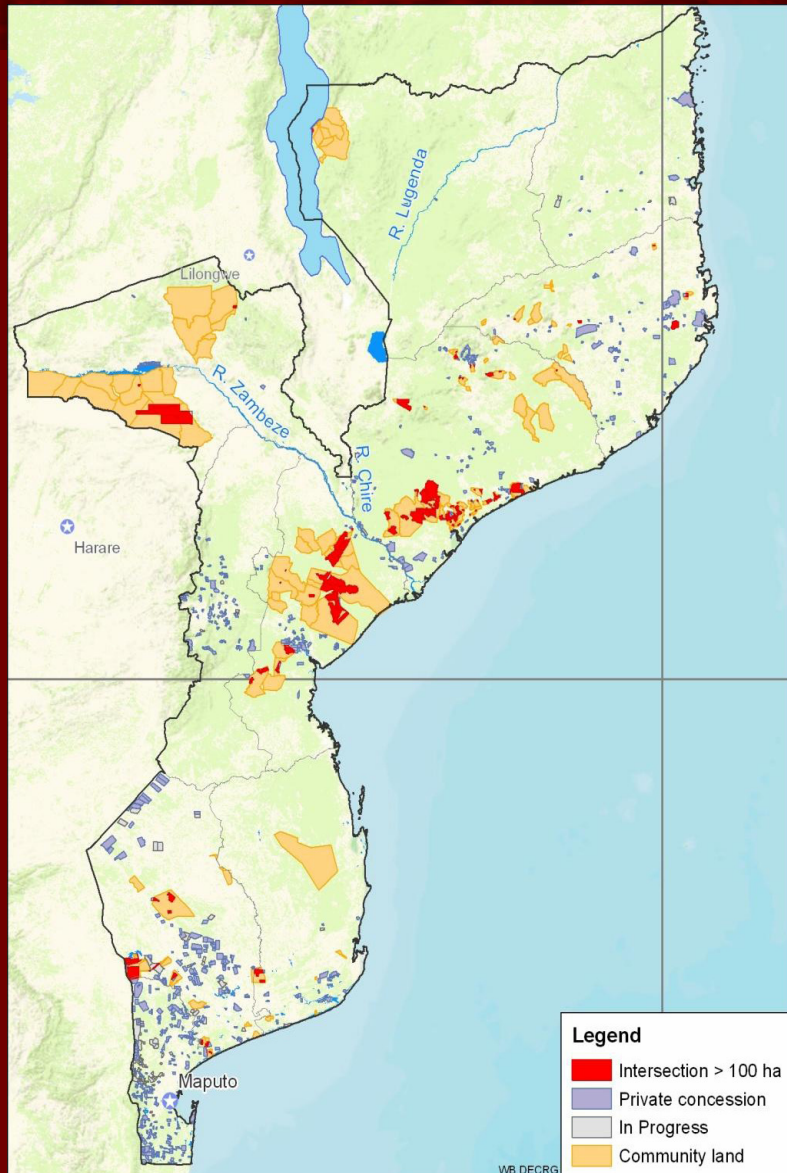


- 4 main projects
- 0,6% of arable land
- Largest 100 000 ha of irrigation

(Source: IIED/FAO, 2009)

Source: IIED/FAO, 2009.

## *Large-scale land acquisitions – A reality*



Source: WB, 2009

New applications for 13 mn. ha in 18 months

Huge potential: 34 mn. ha arable land; only 3.7 mn. ha cropped

Moratorium in 2008 (Identify available land first)

(Source: WB, 2009).

## *Large-scale land acquisitions – A reality*

- 2,29% Madagascar (bio fuel project: 452,500 ha)
- Ethiopia: identification of 1.6 mn ha (to 2.7 mn ha) for commercial agricultural initiatives (cattle project: 150,000 ha)
- Congo 200,000ha (lease basis)
- Etc.



Varies strongly - Hard to quantify and to qualify  
(non-transparent & definition)

## *Large-scale land acquisitions – A reality*

- ◉ Size of acquisitions and type of investors

- >1000ha (International investors)

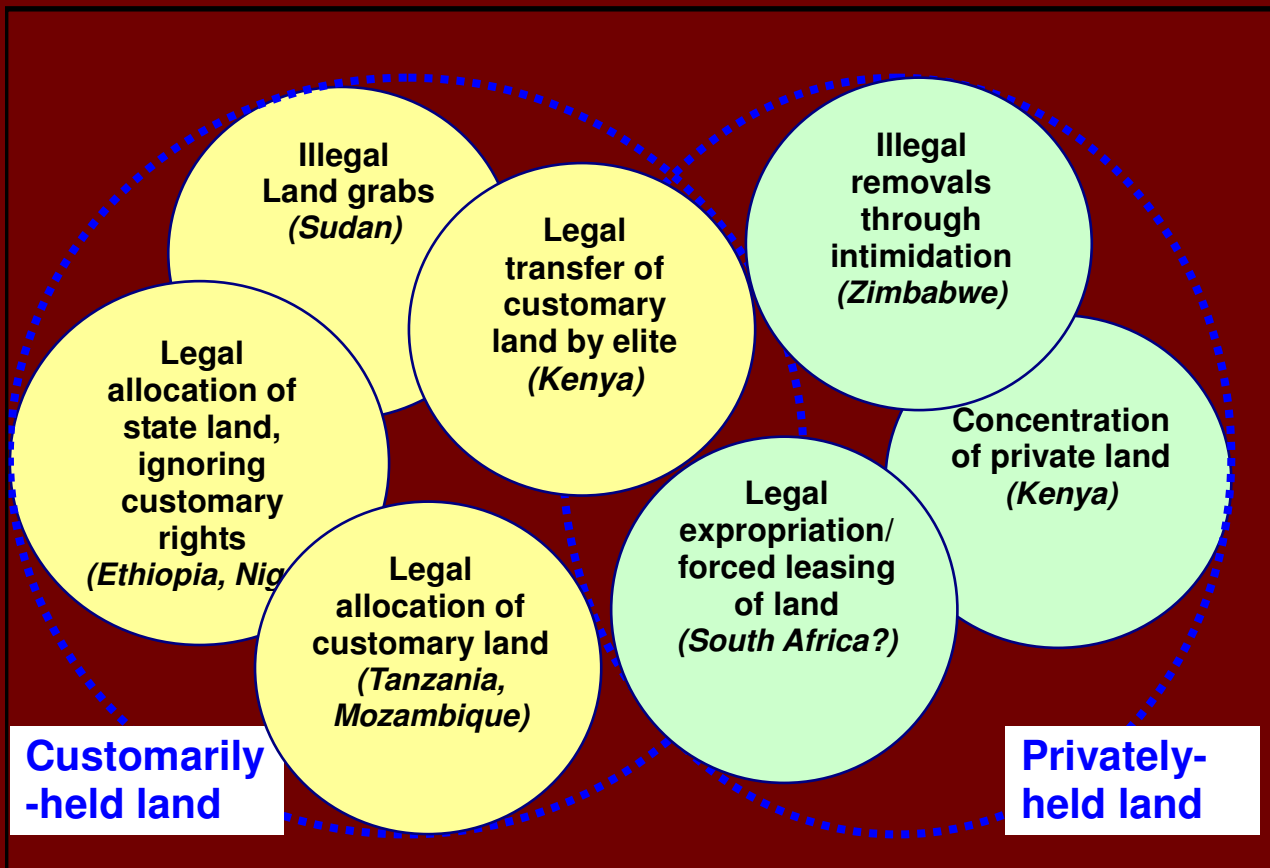
- New: South-South relations – emerging country investors (China, South Korea, Qatar, Libya, South Africa)

- <1000ha (National investors)

- National companies & elites

- Can imply important change in statistics (Kenya)

# *Large-scale land acquisitions – A reality*



- ⊙ Different forms of land acquisition
- ⊙ 'Land grab' not relevant term

Source: Adapted from ILC, 2009.

# *Large-scale land acquisitions – A reality*

## **Diverse motives for investment**

- ⊙ Production of plant and animal food products to ensure food security of the investing countries (countries dependant on international markets and rarefaction of land and NR);
- ⊙ biomass production for energy - biofuels;

But also:

- ⊙ conservation of natural resources, particularly forest resources (REDD – carbon sequestration);
- ⊙ the establishment of tourism or recreational areas (game farms);
- ⊙ accumulation of land, linked to rent generation and land speculation;
- ⊙ strategies to control land in the long-term, in anticipation of the rarefaction of food and NR resources.



# *Large-scale land acquisitions – A reality*

## Important role of host countries

- ⊙ Difficult distinction between private and public: support of investor countries and importance of role of host countries
- ⊙ Looking for opportunities
  - Individual – non-transparent processes (contracts 2 pages, non-participative)
  - Seeking FDI, development of agriculture, direct (employment) or indirect (infrastructure) returns
- ⊙ Facilitating processes
  - low formal compensation
  - Identification of land, establishment of investment agencies, fiscal advantages, ...

# *Perspectives*

## **Present slow down in land acquisitions**

- ◉ Decrease in agricultural commodity prices
- ◉ Global financial crisis
- ◉ Technical difficulties (water & NR, infrastructure, knowledge, ...)
- ◉ Popular reactions, supported by media attention, regarding food security, loss of rights and livelihoods (e.g. Madagascar, Mali, ...)



## *Perspectives*

### **Investment in land based activities will continue**

- ⊙ Population growth, change in consumption patterns (food, hedonist activities, tourism, ...), energy production, ...
- ⊙ Fragile financial markets - sustainable search for more secure investments (such as land/agriculture)
- ⊙ Not continuous increase of agricultural commodity prices, but fluctuation of food prices
  - Loss of confidence in international markets (particularly import dependent countries), favour direct production (including abroad, due to lack of NR)
  - Private investments in agricultural commodities (availability of markets): integration of production in countries with NR availability and low labour costs
  - Fluctuation of prices, and rarefaction of NR, lead increase of speculation in agricultural produce and land

# *Perspectives*

## **4 new modes of production / forms of agriculture seem to develop:**

- ⊙ Land acquisitions but “les aggressive”, smaller, more transparent
  - Commercial Agriculture, competitive with guaranteed markets
  - “Corporate” industrial farming
- ⊙ Contractualisation
  - “Financiarisation” of agriculture (role of banks)
  - Contract farming (out-growers schemes, ...)

# *Perspectives*

## **Land acquisitions and new agro-investments re-actualise and transform existing stakes, such as food security, etc.**

Increase quantity or access – increase of revenues or securing rights/access to NR.

Therefore:

- ⊙ Importance of multi-level governance of land and NR
- ⊙ International initiatives: necessary but not sufficient
- ⊙ Regulatory measures at national/regional level (e.g. clause of food provision)
- ⊙ Securing land/NR rights (revisiting present customary systems)
- ⊙ Recognising the role of local institutions and ensuring the transparency of transactions/investments (integration and capacitating local populations, ...)

## *Perspectives*

But also - Investments are necessary

- ◉ Reinvestment in agricultural policies and revitalisation of Africa's agricultural sector
- ◉ Need for integrated sustainable development models, creating employment and respecting environment
- ◉ Strength of family agriculture has been recognised – articulation of different forms of agriculture